

September 2024

Note: Survey responses were collected from September 9 to September 16.

Manufacturing activity in the region was mixed overall, according to the firms responding to the September *Manufacturing Business Outlook Survey*. The survey's indicator for current general activity turned positive, while the indexes for new orders and shipments declined and turned negative. The employment index rose and suggested increases in employment overall. Both price indexes moved higher and continue to indicate overall increases in prices. The firms continue to expect growth over the next six months, with expectations more widespread this month.

### Current Indicators Are Mixed

The diffusion index for current general activity rose from -7.0 to 1.7 in September (see Chart 1). Nearly 22 percent of the firms reported increases in general activity this month, while 20 percent reported decreases; 51 percent reported no change. The indexes for new orders and shipments declined and turned negative. The new orders index fell 16 points to -1.5. The shipments index declined 23 points to -14.3, its lowest reading since March 2023.

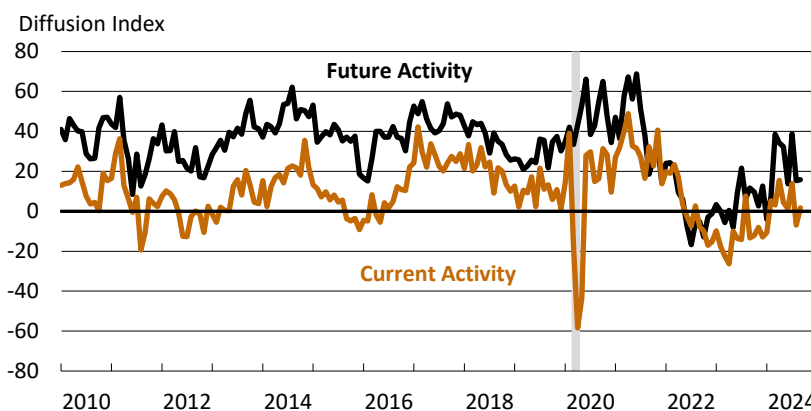
The firms reported an increase in employment, on balance, after reporting an overall decline last month. The employment index rose from -5.7 to 10.7 this month, the index's second positive reading in the last three months following mostly negative readings since March 2023. More than 89 percent of the firms reported no change in employment levels this month, the highest share reporting steady employment since December 1978. Nearly 11 percent of the firms reported increases, while none reported decreases. The average workweek index declined from -2.3 to -13.6.

### Price Indexes Move Higher

On balance, the firms continued to report overall increases in prices. The prices paid index moved up 10 points to 34.0, its highest reading since December 2022 (see Chart 2). Thirty-four percent of the firms reported increases in input prices, while

**Chart 1. Current and Future General Activity Indexes**

January 2009 to September 2024



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

none reported decreases; 66 percent of the firms reported no change. The current prices received index rose 11 points to 24.6, undoing its decrease from last month. Nearly 25 percent of the firms reported increases in prices received for their own goods, none reported decreases, and 75 percent reported no change.

### Firms Report Higher Production, Little Change in Capacity Utilization

In this month's special questions, the firms were asked to estimate their total production growth for the third quarter ending this month compared with the second quarter of 2024 (see Special Questions on page 3). A higher share of firms reported an increase in production (38 percent) compared with the share reporting a decrease (28 percent). Regarding firms' capacity utilization for the current quarter and one year ago, the median current capacity utilization rate reported among the responding firms was unchanged at 70 to 80 percent.

More than 56 percent of the firms reported labor supply as at least a slight constraint to capacity utilization in the

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The October 2024 *Manufacturing Business Outlook Survey* will be released on October 17, 2024, at 8:30 a.m. ET.



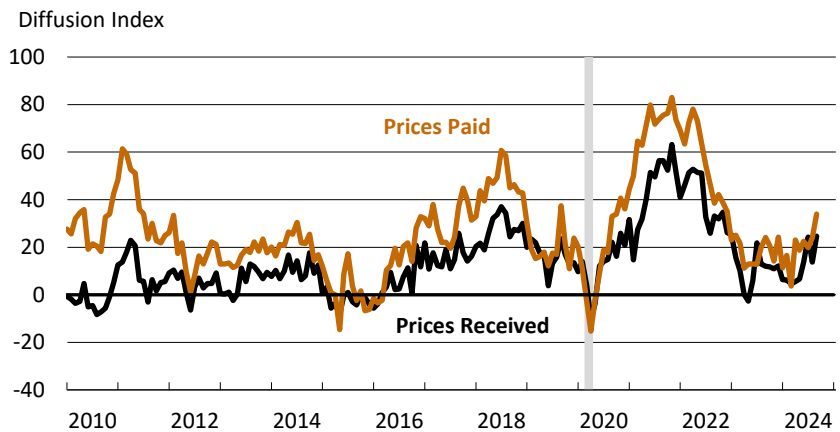
current quarter, and the share of firms reporting it as a moderate or significant constraint (31 percent) rose slightly from when this question was asked in June (27 percent). Half of the firms cited supply chains as a constraint in the current quarter. However, no firms reported supply chains as a significant constraint. Looking ahead over the next three months, most firms expect the impacts of various factors to stay the same. However, the share of firms expecting labor supply impacts to improve (13 percent) was higher than when this question was asked in June (6 percent). The share of firms expecting financial capital impacts to improve (16 percent) also rose from June (6 percent).

### Most Future Indicators Rise

The diffusion index for future general activity was little changed at 15.8 in September (see Chart 1). The share of firms expecting increases in activity over the next six months (39 percent) exceeded the share expecting decreases (23 percent); 24 percent expect no change. The future new orders index rose 11 points to 21.8, and the shipments index increased 17 points to 26.8. The firms continue to expect an overall increase in employment over the next six months, and the future employment index rose from a reading of 7.4 to 19.1. The future prices paid index rose 15 points to 49.8, and the future prices received index increased 22 points to 34.3. The future capital expenditures index moved up for the second consecutive month, to 25.0, its highest reading since March 2022.

**Chart 2. Current Prices Paid and Prices Received Indexes**

January 2009 to September 2024



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

### Summary

Responses to the September *Manufacturing Business Outlook Survey* suggest mixed regional manufacturing activity this month. The indicator for current activity rose to positive territory, while the new orders and shipments indexes declined and turned negative. On balance, the firms indicated an increase in employment and continued to report increases in prices. The survey's broad indicators for future activity suggest more widespread expectations for growth over the next six months. ■

MANUFACTURING BUSINESS OUTLOOK SURVEY September 2024	September vs. August					Six Months from Now vs. September				
	Previous Diffusion Index	Increase	No Change	Decrease	Diffusion Index	Previous Diffusion Index	Increase	No Change	Decrease	Diffusion Index
What is your evaluation of the level of general business activity?	-7.0	21.9	50.5	20.2	1.7	15.4	38.8	24.4	23.1	15.8
Company Business Indicators										
New Orders	14.6	25.1	47.0	26.7	-1.5	10.4	41.2	36.3	19.4	21.8
Shipments	8.5	15.7	54.4	29.9	-14.3	9.8	43.7	38.1	16.9	26.8
Unfilled Orders	3.2	13.9	63.7	20.6	-6.7	-9.7	19.8	74.7	0.8	19.0
Delivery Times	14.1	2.8	91.1	3.4	-0.7	-4.4	8.1	79.2	10.9	-2.7
Inventories	-4.8	12.7	76.8	7.7	5.0	-14.7	20.6	65.6	12.1	8.5
Prices Paid	24.0	34.0	65.9	0.0	34.0	35.2	53.9	41.4	4.1	49.8
Prices Received	13.7	24.6	74.8	0.0	24.6	12.5	43.7	46.0	9.3	34.3
Number of Employees	-5.7	10.7	89.3	0.0	10.7	7.4	24.6	69.4	5.6	19.1
Average Employee Workweek	-2.3	0.0	85.1	13.6	-13.6	8.4	22.4	71.3	4.8	17.6
Capital Expenditures	--	--	--	--	--	12.0	27.7	65.5	2.7	25.0

**NOTES:**

- (1) Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease.
- (2) All data are seasonally adjusted.
- (3) Percentages may not sum to 100 because of rounding, omission by respondents, or both.
- (4) Survey results reflect data received through September 16, 2024.

Special Questions (September 2024)		
1. How will your firm's total production for the <b>third quarter of 2024</b> compare with that of the <b>second quarter of 2024</b> ?		
<b>An increase of:</b>	% of firms	Subtotals
10% or more	9.4	% of firms reporting an increase: 37.5
5–10%	12.5	
0–5%	15.6	
No change	34.4	
<b>A decline of:</b>		
0–5%	6.3	% of firms reporting a decrease: 28.1
5–10%	9.4	
10% or more	12.5	

2. Which of the following best characterizes your plant's percentage capacity utilization <b>currently</b> (2024:Q3) and <b>one year ago</b> (2023:Q3)?		
Capacity Utilization Rate	2024:Q3 % of reporters	2023:Q3 % of reporters
Less than 30%	3.1	0.0
30–40%	3.1	0.0
40–50%	0.0	3.1
50–60%	6.3	3.1
60–70%	25.0	18.8
70–80%	34.4	46.9
80–90%	21.9	18.8
90–100%	6.3	9.4
Median Utilization Rate	70–80	70–80

3. In the <b>current quarter</b> , to what degree have the following factors acted as constraints on capacity utilization?					4. Over the <b>next three months</b> , how do you expect the impacts of the following factors as constraints on capacity utilization to change?		
	Not at all (%)	Slightly (%)	Moderately (%)	Significantly (%)	Worsen (%)	Stay the same (%)	Improve (%)
COVID-19 mitigation measures	100.0	0.0	0.0	0.0	10.0	90.0	0.0
Energy markets	78.1	15.6	6.3	0.0	6.5	87.1	6.5
Financial capital	90.6	3.1	6.3	0.0	3.2	80.6	16.1
Labor supply	43.8	25.0	12.5	18.8	12.5	75.0	12.5
Supply chains	50.0	31.3	18.8	0.0	9.4	90.6	0.0
Other factors	66.7	9.5	4.8	19.0	0.0	86.4	13.6